

Call for Expressions of Interest -Western Victoria Transmission Network Project -Contestable Transmission Works

| Services | Western Victoria Transmission Network Project – Contestable Transmission Works | |
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| AEMO contact | WVTransmission@aemo.com.au | |
| Closing date | 9:00 am (Melbourne time) 18 February 2019 | |
| Australian Energy Market Operator Limited ABN 94 072 010 327 | 18 January 2019 | |
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SECTION A: INTRODUCTION

A.1 Background

The Australian Energy Market Operator Limited (AEMO) is the independent organisation responsible for operating eastern, south-eastern and western energy markets and systems in accordance with the National Electricity Rules, Wholesale Electricity Market Rules, National Gas Rules and Gas Services Information Rules. Its functions include:

- Market and system operator of the National Electricity Market (NEM) across eastern and south-eastern Australia;
- Market and system operator of the Wholesale Electricity Market and South West Interconnected System in Western Australia;
- Market and system operator of the Victorian Declared Wholesale Gas Market;
- Operator of the short-term trading market (wholesale) for gas hubs in Sydney, Adelaide and Brisbane, the Wallumbilla gas supply hub (wholesale), and the Moomba Gas Supply Hub in South Australia;
- Market operator of a number of retail gas markets in eastern and southern Australia;
- National transmission planning for the NEM; and,
- Planning, authorising, contracting for and directing augmentation of the Declared Shared Network (transmission) for Victoria.

With its broad national focus for the future, AEMO's objectives are to promote efficient investment in and operation of Australia's electricity and gas services in the long-term interests of consumers with respect to price, quality, safety, reliability and security of energy supply.

A.2 This project

AEMO is undertaking the Western Victoria Renewable Integration Regulatory Investment Test for Transmission (RIT-T). The purpose of the RIT-T is to assess the technical feasibility and the net economic benefits of improving transmission network capacity in Western Victoria to reduce network congestion and facilitate the efficient connection of new generation in the region. On 14 December 2018, AEMO completed step two of this RIT-T process and published the <u>Project Assessment Draft Report (PADR)</u> which identifies a preferred option for consultation.

The preferred option includes the following major transmission network augmentations (staged):

- By 2024: New 220 kV double circuit transmission lines from Ballarat to Bulgana.
- By 2025: New 500 kV double circuit transmission lines from Sydenham to Ballarat connecting two new 1,000 MVA 500/220 kV transformers at Ballarat¹.

The final step in the RIT-T process, the Project Assessment Conclusions Report (PACR), is targeted for publication in mid-2019. The preferred option is consequently subject to change.

The preferred option as identified in the PADR consists of a number of augmentations that AEMO currently considers to be contestable. These are set out in Section B.

The estimated high-level capital costs of the preferred option (contestable and non-contestable) are set out in the PADR.

¹ Initial assessment has indicated that there may be insufficient space in Ballarat Terminal Station for the proposed 500 kV plant. AEMO has assumed that a new terminal station will be established close to Ballarat in its assessments with a 220 kV double circuit requiring connection to the existing Ballarat Terminal Station.

If AEMO enters into agreements for transmission services through its procurement process, it will pay the contract amounts (usually in the form of annual annuities, payable monthly), which will be recovered from Victorian Transmission Network Users via Transmission Use of System (TUoS) charges under the NER.

A.3 Call for expressions of Interest

In accordance with the National Electricity Law and National Electricity Rules, AEMO is issuing this Call for Expressions of Interest (CEI) from persons who may be interested in constructing and operating the proposed augmentations (or any one or more of them).

Responses to this CEI are due by the Closing Date.

The purpose of the questionnaire in Section C is to assess interest and capabilities within the market to respond to an Invitation to Tender (ITT) to be the proponent either for the Project as a whole, or in part.

An ITT is expected to be issued in March or April 2019.

The tender period is expected to be three months followed by negotiations with a preferred tenderer. Contract award is aimed at late Q3 2019 with a whole of project practical completion by 2025.

A.4 Prerequisites

The successful tenderer must be able to demonstrate to AEMO's satisfaction that it:

- Holds or will obtain by a predetermined date after contract award, a licence to transmit electricity under the Electricity Industry Act 2000 (Vic).
- Is registered or will successfully register as a network service provider under the National Electricity Law and the National Electricity Rules (note that exemptions in relation to some obligations under the National Electricity Rules as they apply to transmission network service providers, including but not limited to financial regulation, may be required).
- Is of sufficient financial substance to be able to carry out the works and arrange any financing needed to support the provision of the required transmission service for a 30 year term (or longer) from the date of contract award. See Paragraph 11 of Section C below for more details on the expected contract and payment regime.
- Has or will have in place arrangements with suppliers and other parties necessary to deliver all aspects of the augmentations.

Responses to this CEI should indicate how the applicant intends to satisfy these requirements.

A.5 Indicative timetable

process. Activity Date Issue date of CEI 18 January 2019 Closing Date of CEI 9:00 am (Melbourne time) 18 February 2019 Issue Invitation to Tender March / April 2019 Tender submissions close July 2019 Enter into applicable contracts September 2019 Construction completion and commissioning by 2025

This timetable is provided to give Recipients an indication of the anticipated timing for the procurement

A.6 Glossary

In this document:

- a capitalised word or phrase has the meaning set out opposite that word or phrase below;
- a word or phrase in this style has the same meaning as given to that term in the National Electricity Rules;
- unless the context otherwise requires, this document will be interpreted in accordance with Schedule 2 of the National Electricity Law.

| Term | Definition | |
|---|--|--|
| Addendum | Any document issued by AEMO after the date of this CEI and labelled as an "Addendum" to this CEI; collectively known as "Addenda". | |
| AEMO | Australian Energy Market Operator Limited ABN 94 072 010 327. References to AEMO include, where the context requires, AEMO's employees, officers, contractors, consultants, advisers and other persons authorised to act for AEMO. | |
| applicant | A person submitting a Response. | |
| AusNet Services | AusNet Transmission Group Pty Ltd ABN 78 079 798 173 and any Related Entity (within the meaning of the <i>Corporations Act 2001 (Cth)</i>) of that company. | |
| Business Day | A day other than Saturday, Sunday and any other day not taken to be a public holiday in Australia and its States. | |
| Call for Expressions of Interest or CEI | This document, including its schedules, attachments and appendices. | |
| CEI Process | The process commencing on the issuing of this CEI and concluding when AEMO has notified each Recipient that the process has concluded. | |
| Closing Date | The date specified on the cover of this CEI. | |
| ITT | Invitation to Tender for the Project due to be issued March or April 2019 | |
| kV | kilovolt | |
| NER | National Electricity Rules | |
| PACR | Project Assessment Conclusions Report | |
| PADR | Project Assessment Draft Report | |
| Project | The Western Victoria Transmission Network Project described in Section B. | |
| Recipient | A person in receipt of this CEI. | |
| Representatives | In respect of a Recipient includes its employees, agents, advisers, consultants, contractors and persons to whom it supplies this CEI or any other documents issued in relation to the CEI Process by AEMO. | |
| Response | The document submitted by a Recipient in relation to the Project in response to this CEI. | |

SECTION B: THE PROJECT

B.1 High-level project requirements

The PADR sets out AEMO's preferred option. This is subject to change in the PACR.

While more detailed functional and protection and control requirements will be issued with the ITT, the preliminary high-level functional requirements for the new transmission works which on current information are considered as contestable, are as follows:

- Construct a new Sydenham to Ballarat 500 kV double circuit transmission line with a summer rating of up to 3,000 MVA per circuit.
- Construction of a new 500/220kV terminal station (New Ballarat Terminal Station), together with 2 x 1,000 MVA 500/220 kV transformers, switchgear.
- Construct a New Ballarat Terminal Station to Bulgana Terminal Station 220 kV double circuit transmission line, with a summer rating of at least 800 MVA per circuit.
- Construct a new 220kV double circuit line (or equivalent) with a summer rating of at least 800 MVA per circuit to tie the new lines from the New Ballarat Terminal Station into Ballarat Terminal Station.
- At least 30% series compensation at New Ballarat Terminal Station to manage flows between Ballarat to Bulgana.
- 2 x 100 MVAr shunt reactors for the 500 kV transmission lines at Sydenham Terminal Station.

These works must seamlessly interface with the existing communications, control and protection equipment owned and operated by the incumbent TNSP(s).

The above items may be awarded as a single contract or parcelled into separately deliverable contracts dependent on responses to this CEI and/or an ITT around capability, capacity and risk.

The diagram below shows the approximate location of new and existing lines and terminal stations associated with the Project. Note that the diagram is not to scale.



B.2 Responsibilities

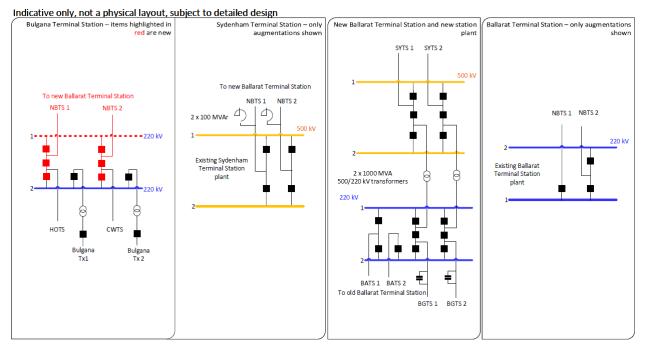
The proponent will be expected to assume responsibility for:

- Detailed design
- Securing all necessary and appropriate statutory and regulatory approvals, and discharging any associated obligations and requirements (including ongoing)
- Easements and land acquisition
- Conducting best practice stakeholder engagement
- Interfacing with incumbent TNSP electrical assets, communications and protection systems
- Selection and oversight of equipment suppliers
- Construction and achieving practical completion
- Transmission service delivery in accordance with (among other things) the detailed functional and protection and control requirements (build, own, maintain, operate model) over at least 30 years.

We expect the successful tenderer either individually or with partners, to be experienced in obtaining all necessary and appropriate statutory and regulatory approvals (including the requisite processes), easement and land acquisition required to deliver the Project.

B.3 Single Line Diagrams

Individual high-level single line diagrams (SLDs) referencing the above scope are set out below. Note that these may change for the ITT. They should be treated as indicative only.



Note that Bulgana Terminal Station is expected to be operational from February 2019. The terminal station is located at Vances Crossing Road Joel Joel (allot. 125 Joel Joel).

B.4 Interface Works

There will be interface works that the tenderer will be required to work on in conjunction with AusNet Services as owner/operator of the Bulgana and Sydenham Terminal Stations and the Bendigo to Ballarat

220kV transmission line, and possibly Transmission Operations Australia (TOA) as owner/operator of Elaine Terminal Station. These include:

- Line works to cut existing lines in at existing stations.
- Line works to connect new lines to existing stations.
- Other works as negotiated with the existing asset owners, including but not limited to, access to site and/or easements and existing control buildings, protections panels, civil infrastructure and other station services.

There are provisions in the National Electricity Law and the NER that govern the interaction between a declared transmission system operator (an incumbent transmission owner/operator) and the contestable provider of an augmentation, including requiring them to negotiate in good faith an "augmentation connection agreement" (an agreement for connecting the augmentation to the incumbent's existing network).

SECTION C: STRUCTURE AND CONTENT OF RESPONSE

Recipients must supply the information required below in this Section C. In your responses, please be concise. Responses to each individual question should not exceed 3 pages.

Responses should be in the form specified in this section with any additional information provided as attachments or appendices. Any assumptions made should be clearly stated in the Response. AEMO reserves the right to verify claims made in any Response. Any material misstatement of experience or capability is likely to result in exclusion from the CEI Process.

- 1) Provide the following organisational information:
 - a) Name of company and ABN (entity that would enter into any agreement for transmission services if awarded)
 - b) Contact name
 - c) Address
 - d) Telephone number
 - e) E-mail address
- 2) Is the applicant willing to respond to an ITT in consideration of the above scope and assumptions?
- 3) Please outline the applicant's demonstrated recent experience in delivering projects of similar size, type, value and complexity on time.
- 4) Please outline the applicant's strategy for developing project design and construction, including identifying, avoiding, minimising and mitigating environmental and stakeholder impacts.
- 5) Please outline the applicant's strategy, high-level resourcing and timeframes for securing necessary and appropriate statutory and regulatory approvals; including under the *Planning and Environment Act 1987* (*Vic*), *Aboriginal Heritage Act 2006 (Vic), Heritage Act 2017 (Vic)* and *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*.
- 6) Please outline the applicant's strategy, high-level resourcing and timeframes for land and easement procurement (including the appropriate procurement methodology the applicant anticipates as being required).
- 7) To the extent currently known, please provide details of any other organisation with which the applicant is considering partnering or contracting with to deliver the project, including:
 - a) Their proposed roles and extent of involvement;
 - b) Their demonstrated recent experience in undertaking similar roles;
 - c) Those details as set out in 1) a. to e. above as they pertain to each organisation.
- 8) Please confirm that you meet or are capable of meeting the pre-requisites in Section A.4 and to the extent that they are known, please provide details of your proposed:
 - a) Legal adviser;
 - b) Technical adviser;
 - c) Equipment provider;
 - d) Construction company;
 - e) Stakeholder and planning adviser.
- 9) Please provide a brief high-level resource plan for project delivery of both design and construction.
- 10) Confirm expectations you have of the non-contestable/interface works service provider throughout the project delivery process and service delivery period.
- 11) Outline your key risks and concerns plus any initial control measures you would apply.
- 12) Provide any alternative options separately to improve delivery timetable and/or cost.

13) Provide a statement as to whether the provision of the proposed transmission services to AEMO may give rise to a potential conflict of interest for your organisation, partners, third parties or any key personnel (in the form of Attachment 1).

SECTION D: CONDITIONS OF THE CEI PROCESS

D.1 Application

Participation in the CEI Process is subject to compliance with the conditions contained in this Section D (CEI Conditions).

All persons (whether or not they submit a Response) who obtain or receive this CEI may only use it, and the information contained in it, in compliance with the CEI Conditions.

All Recipients are deemed to accept and agree to the CEI Conditions.

The CEI Conditions apply to:

- this CEI and any other information given, received or made available in connection with this CEI, including any revisions or Addenda
- the CEI Process
- any communications, including any presentations, meetings or negotiations, relating to this CEI or the CEI Process.

In addition to any other remedies available to it under law or contract, any failure to comply with the CEI Conditions will, in the absolute discretion of AEMO, entitle it to disqualify a Recipient from participation in the CEI Process.

D.2 Legal status

This CEI is not an offer. It is an invitation for persons to submit a Response only. This CEI must not be construed, interpreted or relied upon, whether expressly or impliedly, as an offer capable of acceptance by any person.

Neither this CEI (comprising this document, any schedules, attachments and Addenda), nor a Response submitted by a Recipient, has any contractual effect and does not create any contractual, promissory, restitutionary or other rights.

AEMO is under no obligation to complete the process outlined in this CEI or to proceed with an ITT or the Project. AEMO may change the process or the description of the requirements outlined in this CEI by issuing an Addendum to Recipients.

AEMO will not be liable for any costs incurred by applicants through considering this opportunity, submitting an expression of interest or a tender or otherwise participating in the CEI Process.

D.3 Multi-stage tender process

The issue of this CEI commences the first stage of a multi-stage tender process. The objective of this first stage is to identify and pre-register organisations that are interested in constructing and operating the proposed augmentations (or any one or more of them) and have the capacity, capability and experience to do so. AEMO will determine which of the applicants will be pre-registered.

It would be AEMO's expectation that only organisations that are pre-registered by AEMO after submitting a Response will be eligible to submit tenders in response to the ITT.

D.4 Confidentiality

This CEI (and other documents released as part of the CEI Process) may contain confidential information about AEMO and its activities. It is provided solely to enable Recipients to submit Responses. Recipients are not permitted to disclose or to use any such information for any other purpose. Recipients must take all reasonable steps (both physically and electronically) to protect the confidentiality of this CEI and all communications relating to it, including the Recipient's Response.

D.5 Intellectual property

Unless otherwise indicated in this CEI, AEMO owns such intellectual property rights as may exist in this CEI and any other documents provided to Recipients by or on behalf of AEMO in connection with the CEI Process. Recipients are permitted to use and copy this CEI for the sole purpose of preparing and submitting a Response.

D.6 Others to be bound

A Recipient must ensure that each Representative to whom it supplies this CEI, and any other documents issued in relation to the CEI Process, agrees to be bound by the CEI Conditions.

D.7 Continuing obligations

The obligations of a Recipient under these CEI Conditions survive the termination or expiration of the CEI Process.

D.8 No warranty

Except to the extent required by law:

- AEMO makes no warranties or representations about the accuracy, adequacy, currency or completeness of this CEI, the PADR or any other information provided or made available to Recipients; and
- AEMO is not liable in any way for any loss or damage of whatever kind (whether foreseeable or not) however arising (including by reason of negligence), incurred by any person in connection with this CEI, the PADR or any other information provided by AEMO or in preparing any Response.

D.9 Representations

No representation made by or on behalf of AEMO in relation to this CEI or its subject matter will be binding on AEMO unless that representation is expressly incorporated into any contract(s) ultimately entered into between AEMO and a Recipient.

Communications during the CEI Process

D.10 Prohibited contact

Without first obtaining the written approval of AEMO, Recipients must not, and must ensure that their Representatives do not:

- contact, make any enquiry to or have any discussions (in any form, whether written, oral or otherwise) in relation to any aspect of the Project or its Response with the Commonwealth Government, the State Government or any Local Government or any regulator or regulatory authority or (except where the Recipient is AusNet Services) AusNet Services;
- enter, traverse, inspect, test, sample or occupy land in connection with the Project or its Response, whether under a statutory power or with consent; or
- contact, or seek to contact, or negotiate with any landowner (or party with interest in land), tenant or occupier of land in connection with the Project or its Response.

D.11 Requests for further information

If Recipients find any discrepancy, error, or have any doubt as to the meaning or completeness of this CEI, or require clarification on any aspect of it, they should notify AEMO in writing, not less than 7 days before the Closing Date. AEMO may issue an Addendum to all Recipients clarifying the discrepancy, error, doubt, or

query (as the case may be) and may extend the Closing Date if AEMO considers it appropriate in all the circumstances.

AEMO reserves the right not to respond to any question or request, irrespective of when it is received.

D.12 Conflict of interest

A Recipient must not, and must ensure that its Representatives do not, place themselves in a position that may or does give rise to an actual, potential or perceived conflict of interest between AEMO and the Recipient's interests during the CEI Process. If an actual, potential or perceived conflict of interest arises, then the Recipient must promptly notify AEMO and take any steps that AEMO reasonably requires to address the conflict of interest.

D.13 Submitting a Response

A response must meet the following requirements:

- The form of Response must follow the structure and include the information requirements in Section C.
- If the Recipient cannot provide any of the required information, the Recipient must state this in the response, with reasons.
- The person submitting the Response must be authorised to do so on behalf of the Recipient.
- The Response must be sent to <u>WVTransmission@aemo.com.au</u> by 9:00 am (Melbourne time) on the Closing Date.

AEMO may, at its absolute discretion, accept or exclude late or non-conforming Responses.

D.14 Recipients to perform own due diligence

By submitting a Response, a Recipient is taken to have:

- read and understood the requirements of this CEI;
- made all reasonable enquiries, investigations and assessment of available information relevant to the risks, contingencies and other circumstances relating to the Project; and
- satisfied itself as to the correctness and sufficiency of its Response.

D.15 Responses commercial-in-confidence

AEMO will retain all Responses and may copy and distribute Responses for the purposes of evaluation. Responses will be treated as confidential and will not be disclosed outside AEMO unless it is:

- required by law, or in the course of legal proceedings;
- requested by any regulatory or other government authority having jurisdiction over AEMO, or its activities; or
- to AEMO's external advisers, consultants or insurers.

D.16 Use of Responses

Upon submission, all Responses become the property of AEMO. Recipients will retain all intellectual property rights contained in the Response.

Each Recipient, by submission of their Response, is deemed to have licensed AEMO to reproduce the whole, or any portion, of their Response for the purposes of enabling AEMO to evaluate the Response and to define its requirements for the Project and the content of any future ITT or other document describing or relating to the Project.

D.17 Withdrawal of Response

A Recipient who wishes to withdraw a Response must immediately notify AEMO of that fact. Upon receipt of such notification, AEMO will cease to consider that Response.

D.18 No reimbursement of costs

AEMO will not be responsible for, and no Recipient is entitled to be reimbursed for, any expense, liability or loss incurred in the preparation and submission of its Response or for any costs incurred in attending meetings with AEMO or providing any further clarification requested by AEMO.

D.19 No publicity

Recipients must not make any public or media announcement about this CEI or the outcome of this CEI without AEMO's prior written approval.

D.20 No anti-competitive conduct

Recipients must ensure that they (and their Representatives) do not:

- (a) discuss this CEI with any other person they know has received this CEI or might reasonably be expected to have received it; or
- (b) engage in any conduct that is designed to, or might have the effect of, lessening competition in relation to the contestable portions of the Project or the supply to AEMO of the services contemplated by this CEI.

Recipients who wish to engage in legitimate teaming or sub-contracting discussions with persons who might deliver the Project must obtain AEMO's prior written approval.

Next steps

D.21 Options available to AEMO

After evaluation of all Responses, AEMO may, without limiting other options available to it, do any of the following:

- Pre-register a shortlist of Recipients and invite tenders from those Recipients
- enter into pre-contractual negotiations with one or more Recipients
- decide not to proceed further with the CEI Process or any other procurement in relation to the Project
- commence a new procurement process in relation to this Project on a similar or different basis to that outlined in this CEI.

D.22 No obligation to call for tenders or enter into contract

AEMO is under no obligation to pre-register any Recipients, call for tenders from or to enter into a contract with any pre-registered Recipient or any other person.

Irrespective of whether AEMO pre-registers any Recipients, if AEMO decides not to call for tenders or enter into a contract in relation to the Project, AEMO may proceed with any alternative process including, but not limited to, determining that any or all of the augmentations are to be contracted on a non-contestable basis.

D.23 No obligation to debrief

AEMO is under no obligation to debrief any Recipient as to AEMO's evaluation of Responses, or give any reason for the acceptance or non-acceptance of any Response or any decision not to call for tenders.

AEMO's rights and governing law

D.24 AEMO's rights

Notwithstanding anything else in this CEI, and without limiting its rights at law or otherwise, AEMO reserves the right, in its absolute discretion at any time, to:

- cease to proceed with or suspend the CEI Process;
- alter the structure of, or vary or extend any time or date specified in, this CEI;
- require additional information or clarification from any Recipient or any other person or provide additional information or clarification;
- negotiate with any one or more Recipient and allow any Recipient to alter its Response;
- call for new Responses;
- accept any Response received after the Closing Date;
- reject any Response that does not comply with the requirements of this CEI; and/ or
- terminate the participation of any Recipient or any other person in the CEI Process.

Where these CEI Conditions contemplate AEMO consenting or approving to some act or thing, AEMO, in its absolute discretion, may withhold consent or approval or give its consent or approval subject to conditions at its absolute discretion.

D.25 Governing Law

This CEI and the CEI Process is governed by the laws applying in the State of Victoria.

Each Recipient must comply with all relevant laws in preparing and lodging its Response and in taking part in the CEI Process.

ATTACHMENT 1 – CONFLICT OF INTEREST DECLARATION

PART A: CONFLICT DECLARATION

Except as identified in Part B below, none of the personnel presently identified by [Name of Recipient] to work on the Response or a tender:

- 1. is, or has a close relative² who is, a member, director, employee or contractor of AEMO;
- is, or has a close relative who is, a director, employee or contractor of a registered participant in a market that AEMO operates or of any business likely to be affected by the Project (other than [Name of Recipient]);
- has, or has a close relative who has, a material financial interest in a registered participant in a market that AEMO operates or in any business likely to be affected by the Project (other than [Name of Recipient]);
- 4. has any other affiliation, position, engagement or interest that could reasonably be seen as a conflict of interest with that person's involvement in the Response or tender.

Identified Conflicts:

| Person Affected | Nature of Conflict |
|-----------------|--------------------|
| | |
| | |

PART B: HOW EACH CONFLICT IS TO BE ADDRESSED

[The Recipient must outline how any conflicts of interest identified in Part A are to be addressed]

² Spouse, de facto partner, parent, sibling or child.

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EXECUTED by [Name of Recipient] by its duly appointed representative in the presence of:

.....

.....

Witness

Name of witness (print)

Signature of authorised representative

)

))

Name of authorised representative (print)

Position of authorised representative (print)